

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3253 - HB 3869

March 2, 2010

SUMMARY OF BILL: Authorizes any student on free or reduced-price lunch regardless of individual or school performance to enroll in a public charter school.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$1,007,400/Over-Time*

Other Fiscal Impact – Regular public school students eligible for free and reduced price lunch may transfer into charter schools. BEP money follows the student. The total shift in BEP funds from a local education agency (LEA) to a public charter school as a result of this new category is dependent upon the number of new students otherwise ineligible to attend a public charter school that transfer, the number of open enrollment slots, charter school expansions, and the number of charter schools that are currently operating at full student and grade-level capacity. It is estimated that at least 100 students from this new category will shift into open slots in future years. This shift in funding is estimated to be \$1,007,400 over time as more slots become available.

Assumptions:

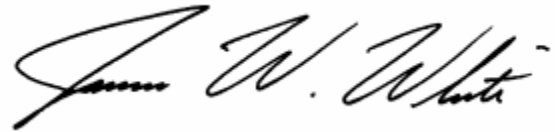
- Making more students eligible to attend a public charter school does not increase the number of open slots. The number of students who shift to or continue in a charter school each year will be dependent upon the number of open slots.
- Charter schools must amend their charter to increase their capacity and will not do as a result of this bill.
- The exact number of students who receive free and reduced price lunch and who will transfer to a charter school solely on the basis of being on free or reduced-price lunch is unknown.
- The total number of open slots in charter schools statewide is unknown. It is assumed that most charter schools are currently operating at capacity, however in future years, it is estimated that at least 100 slots will be available for children in this category.
- Currently charter schools are operating in Davidson County, Memphis City Schools, and Hamilton County.

- The total per pupil expenditures in Davidson County is approximately \$10,495; Memphis City Schools is approximately \$10,394; and Hamilton County is approximately \$9,334. The average per pupil expenditure for these LEAs is \$10,074. This cost is split between the state and LEA at approximately 70/30 respectively.
- If 100 students from the free and reduced price lunch category shift into open slots that would have otherwise not been filled, the shift in expenditures will be approximately \$1,007,400 (\$10,074 x 100) over time as more slots become available.
- LEAs will increase expenditures to make up for losses in funding in an amount equal to the total shift in funding to public charter schools. This amount is estimated to be \$1,007,400 over time as more slots become available.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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